

## **Independent Auditors' Report**

**To**  
**The Members of**  
**M/s. NE Hills Hydro Limited**

### **Report on Financial Statements**

We have audited the accompanying financial Statements of **M/s. NE Hills Hydro Limited ("the company")**, which comprise the Balance Sheet as at 31st March, 2013 and a summary of significant accounting policies and other explanatory information. No statement of Profit and Loss has been prepared as the Company is yet to start its commercial production.

### **Management Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position of the company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account, as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. the Balance Sheet dealt with by this report, are in agreement with the books of account.
  - d. in our opinion, the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For S. Bhalotia & Associates  
(Chartered Accountants)  
Firm's Registration No: 325040E**

**Place: Kolkata  
Date: The 18<sup>th</sup> day of April, 2013**

**CA. Vikash Kumar  
(Partner)  
Membership No: 067471**

**ANNEXURE 1**  
*[Referred to in paragraph 1 of our report of even date]*

- i. a) The company does not have fixed assets as on 31<sup>st</sup> March 2013 or at any time during the financial year ended 31<sup>st</sup> March 2013.

Accordingly, the provision of the Clause 4 (i) (b) and (c) of the order are not applicable to the Company and hence not commented upon.

- ii. a) the Company does not have inventory as on 31<sup>st</sup> March, 2013 or at any time during the financial year ended 31<sup>st</sup> March 2013.

Accordingly, the provision of the clause 4 (ii) (b) and (c) of the order are not applicable to the Company and hence not commented upon.

- iii. a) As informed to us the company has not granted any loans, secured or unsecured to the parties covered in the register maintained under section 301 of the Companies Act, 1956 for the year ended 31<sup>st</sup> March 2013.

Accordingly, the provision of the clause 4 (iii) (b) (c) and (d) of the order are not applicable to the Company and hence not commented upon.

b) According to the information and explanation given to us, the company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

Accordingly, the provisions of clause 4 (iii) (f) & (g) of the order are not applicable to the company and hence not commented upon.

- iv. In our opinion and according to the information and explanations given to us there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. The company has not yet started its revenue operation and there was no purchase of inventory and fixed assets during the period under review.

- v. a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangement referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ 500,000/- have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- vi. According to the information and explanation provided to us the company has not accepted any deposits from the public during the year.
- vii. In our opinion and in accordance with the information and explanations provided by the management, the aggregate of paid-up capital and reserves did not exceed Rupees Fifty lakhs as on the date nor did the company has commence its commercial operation. Hence, no comment on the internal audit system is required.
- viii. According to the information and explanation given to us, the company has not started its commercial production and hence maintenance of cost records under clause (d) of sub-section 1 of section 209 of the Companies Act, 1956 is not applicable during the year under audit.
- ix.
  - a) According to the information and explanation given to me and on the basis of records, the company has generally regular in depositing dues. Accordingly, the information and explanations given to me, there were no undisputed amounts payable in respect of income tax, service tax, wealth tax and other material statutory dues in arrears as at 31<sup>st</sup> March 2013, for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us, the company does not have any disputed statutory liability.
- x. According to the information and explanations given to us, the company has not started its commercial production and hence it had not incurred any cash loss during financial year covered by our audit and the immediately preceding financial year. Accordingly it has not accumulated loss.
- xi. According to the information and explanations given to us and records produced before us for verification, the company does not have any loan or dues from any financial institution or bank nor has issued any debentures. So this clause is not applicable to the Company.
- xii. According to the records of the company, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In my opinion the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provision of clause 4(xiii) of the companies (Auditor's Report) order, 2003 are not applicable to the company.
- xiv. In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the companies (Auditor's Report) order, 2003 are not applicable to the company.

- xv. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions, whereof the terms and condition are prejudicial to the interest of the Company.
- xvi. According to the records of the company, the company has not obtained any term loans. Hence, comments under the clause are not called for.
- xvii. According to the records of the company, No funds has been raised by the company during the period. Hence, comments under the clause are not called for.
- xviii. The Company has not allotted any shares on preferential basis to the parties covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The company did not have any outstanding debentures during the year.
- xx. The company has not raised any money through a public issue during the year.
- xxi. Based upon the audit procedure performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reopened during the course of our audit.

**For S. Bhalotia & Associates  
(Chartered Accountants)  
Firm's Registration No. 325040E**

**CA Vikash Kumar  
(Partner)  
Membership No. 067471  
Place: Kolkata  
Date: The 18<sup>th</sup> Day of April, 2013**

**NE HILLS HYDRO LIMITED**  
**Regd. Office: 1st FLOOR, UNIT 9B, SATYAM TOWER, 3 ALIPORE ROAD**  
**KOLKATA-700027**

**Balance Sheet as at 31st March 2013**

		Note No	31.03.13	₹ In Hundred 31.03.12
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' Funds</b>				
Share Capital	2.1		7,000.00	7,000.00
<b>Current Liabilities</b>				
Other Current Liabilities	2.2		72.79	55.15
<b>Total</b>			<b>7,072.79</b>	<b>7,055.15</b>
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Fixed Assets				
-Capital Work in Progress	2.3		1,301.91	749.37
1,301.91			1,301.91	749.37
Non Current Investments	2.4		2,700.00	2,700.00
Long Term Loans and Advances	2.5		750.00	750.00
Other Non Current Assets	2.6		417.08	417.08
			3,867.08	3,867.08
<b>Current Assets</b>				
Cash and Cash Equivalents	2.7		1,903.80	2,438.70
<b>Total</b>			<b>7,072.79</b>	<b>7,055.15</b>
<b>Summary of significant accounting policies and notes on account</b>		1 & 2		
The accompanying notes are an integral part of the financial statements				

As per our report of even date

**For S. Bhalotia & Associates**

Firm's Registration No.325040E

Chartered Accountants

**For & on behalf of Board**

**CA. Vikash Kumar**

Partner

Membership No. 067471

Date: 18th Day of April, 2013

Place: Kolkata

**Hari Prasad Agarwal**

Director

**Rajesh Agarwal**

Director

**NE HILLS HYDRO LIMITED**  
**(Formerly Shyam Century Powertech Limited)**

**Significant Accounting Policies & Notes on Accounts**

**Corporate information**

NE Hills Hydro Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. No Statement of Profit & Loss Account has been prepared since the Company has not commenced commercial operation.

**1. Significant Accounting Policies**

**1.1. Basis of preparation**

The financial statements are prepared under the historical cost convention on accrual basis and on the basis of going concern and in accordance with the applicable Accounting Standards notified by the Companies Accounting Standards Rules 2006 and other guidelines issued by The Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.

**1.2. Presentation and disclosure of financial statements**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India. The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**1.3 Fixed Assets**

- i) Fixed Assets are stated at cost net of CENVAT/Value Added Tax, rebates, less accumulated depreciation and impairment loss, if any.
- ii) All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustment arising from exchange rate variations attributable to fixed assets are capitalized.
- iii) Expenses incurred relating to project prior to commencement of commercial production are classified as Pre-operative expenditure and disclosed under Capital Work in Progress (net of income earned during Pre-operative Stage.)

**1.4 Depreciation**

Depreciation on Fixed Assets is provided on written down value method at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.

**NE HILLS HYDRO LIMITED**  
**(Formerly Shyam Century Powertech Limited)**

**1.5 Capital Work In Progress**

Capital work in progress is carried at cost comprising direct cost and pre-operatives expense during construction period to be allocated to the fixed assets on the completion of construction.

**1.6 Investments**

Current Investments are stated at lower of cost and market/fair value. Long-term investments are stated at cost after deducting provisions for permanent diminution in the value, if any.

**1.7 Revenue Recognition**

Sale is recognized on passing of title of goods and net of trade discount and rebate and duties in respect of which set-off can be claimed. Expenses to the extent considered payable, unless specifically stated to be otherwise, are accounted on mercantile basis.

**1.8 Miscellaneous Expenditure**

Preliminary Expenses are written off in the first year of operation.

**1.9 Taxes on Income**

Tax expenses comprises of current and deferred tax. Provision for the current tax is made on the basis of taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961. The deferred tax in respect of timing differences which originate during the tax holiday period and is likely to reverse during the tax holiday period, is not recognized to the extent income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act, 1961. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future. Deferred tax assets / liabilities are reviewed as at Balance Sheet date based on developments during the year and available case laws to reassess realization / liabilities.

**1.10 Provisions and Contingencies**

A Provision is recognized for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimates of the amount required to settle the obligation at the Balance Sheet date. A contingent liability of an outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

**NE HILLS HYDRO LIMITED**

**2. Note to Financial Statement for the year ended 31st March 2013**

	₹ in Hundred	
	31.03.13	31.03.12
<b>Note - 2.1</b>		
<b>Share Capital</b>		
<b>Authorised Capital</b>	<b>10,000</b>	<b>10,000</b>
1,00,000 (1,00,000 as at 31.03.12) Equity Shares of ₹10/- each		
<b>Issued, Subscribed &amp; Paid -up</b>	<b>7,000</b>	<b>7,000</b>
70,000 ( 70,000 as at 31.03.12) Equity Shares of ₹10/- each fully paid up in cash		

a Terms/Rights attached to equity shares

The company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of Equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual general meeting.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b Reconciliation of No of shares outstanding at the beginning and at the end of the reporting

Equity Share Capital	No.of Shares	No.of Shares
At the beginning of the year	70,000	70,000
Issued during the year	-	-
Outstanding at the end of the year	<b>70,000</b>	<b>70,000</b>

c Shares held by Holding Company

Cement Manufacturing Company Ltd

No. of Shares	No. of Shares
69994	69994

d Details of Shareholders holding more than 5% of Equity Share capital

Name of the Shareholder

Cement Manufacturing Company Ltd

No.of Shares	No.of Shares
% of holding	% of holding
69994	69994
99.99%	99.99%

	₹ in Hundred	
	31.03.13	31.03.12
<b>Note - 2.2</b>		
<b>Other Current Liabilities</b>		
-Creditors for expenses	72.79	55.15
	<b>72.79</b>	<b>55.15</b>

**NE HILLS HYDRO LIMITED**

**Note to Financial Statement for the year ended 31st March 2013**

	<b>₹ in Hundred</b>	
	<b>31.03.13</b>	<b>31.03.12</b>
<b><u>Note -2.3</u></b>		
<b>CAPITAL WORK IN PROGRESS</b>		
<b>Pre-operative Expenses pending allocation</b>		
Audit Fees	332.99	276.78
Bank Charges	7.86	4.07
Certification Expenses	37.51	32.51
Director Sitting Fees	200.00	100.00
Filing Fees	95.24	77.15
General Expenses	60.50	20.50
Legal Expenses	21.30	21.30
Printing & Stationery	94.99	64.40
Professional & Consultancy	72.55	52.55
Rates & Taxes	377.86	99.00
Travelling & Conveyence	1.11	1.11
	<b>1,301.91</b>	<b>749.37</b>

**NE HILLS HYDRO LIMITED**

**Note to Financial Statement for the year ended 31st March 2013**

			₹ in Hundred
<b><u>Note - 2.4</u></b>	<b>31.03.13</b>	<b>31.03.12</b>	
<b><u>Non Current Investments</u></b>			
<b><u>Trade Investments (Valued at cost unless stated otherwise)</u></b>			
<b><u>Investment in Unquoted Equity Instruments</u></b>			
Ribhoi Engineering Co Pvt Ltd 27,000 ( 27000 as at 31.03.12) Equity Shares of ₹ 10/- each fully paid up	2,700.00	2,700.00	
	<b>2,700.00</b>	<b>2,700.00</b>	
			₹ in Hundred
<b><u>Note - 2.5</u></b>	<b>31.03.13</b>	<b>31.03.12</b>	
<b><u>Long Term Loans and Advances</u></b>			
<b><u>Capital Advances</u></b>			
-Advances against Capital Works	750.00	750.00	
	<b>750.00</b>	<b>750.00</b>	

**NE HILLS HYDRO LIMITED**

**Note to Financial Statement for the year ended 31st March 2013**

	₹ in Hundred	
	31.03.13	31.03.12
<b>Note - 2. 6</b>		
<b>Other Non Current Assets</b>		
<b>Others</b>		
- Unammortised Expenses	417.08	417.08
	<b>417.08</b>	417.08
<b>Note - 2. 7</b>	31.03.13	31.03.12
<b>Cash &amp; Cash Equivalents</b>		
<b>Bank Balance</b>		
- Balances With Bank in Current Account	888.52	1,419.30
Cash In Hand	1,015.28	1,019.40
	<b>1,903.80</b>	<b>2,438.70</b>

**NE HILLS HYDRO LIMITED**  
**(Formerly Shyam Century Powertech Limited)**

**NOTE -2.8**

- i) No Statement of Profit and Loss Account has been prepared since the Company has not commenced revenue operation. The expenditures incurred during the construction period are classified as 'Pre-operative Expenses' pending capitalization and will be apportioned to the Assets on the completion.

(₹ In hundred)

Sl. No.	Particulars	For the year 2012-13	For the year 2011-12
	<b>Opening Balance</b>	<b>749.37</b>	<b>530.53</b>
(i)	Auditors Remuneration	56.21	55.15
(ii)	Bank Charges	3.79	0.44
(iii)	General Expense	40.00	-
(iv)	Filing Fees	18.09	20.90
(v)	Professional & Cons.	20.00	18.50
(vi)	Printing & Stationary	30.59	3.85
(vii)	Rates & Taxes	278.86	-
(viii)	Certification Fees	5.00	20.00
(ix)	Director Sitting Fees	100.00	100.00
	<b>Total</b>	<b>1301.91</b>	<b>749.37</b>

- ii) Payment made to the Auditors' during the period is as under:

(₹ In hundred)

Particulars	2012-13	2011-12
As Auditor		
- Audit Fees	56.21	55.15

- iii) The contingent liability of the company is nil.

- iv) The Company does not have dues with respect to the Micro, Small and Medium Enterprises as defined in Micro, Small & Medium Enterprise Development Act, 2006.
- v) Considering the nature of company's business and operations, there are no separate reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17-'Segment reporting'. Notified in the Companies (Accounting Standards) Rules 2006.

**NE HILLS HYDRO LIMITED**  
**(Formerly Shyam Century Powertech Limited)**

vi) **Related Party Disclosures**

Names of the transacting related parties and related party relationship

<b>Holding Company</b>	Cement Manufacturing Company Limited (CMCL)
<b>Key Management Personnel</b>	Mr. Hari Prasad Agarwal (Director)
	Mr. Sanjay Kumar Agarwal (Director)
	Mr. Rajesh Kumar Agarwal (Director)
	Mr. Mangilal Jain (Director)

Details of transactions between the Company and related parties and the status of outstanding balance as at 31<sup>st</sup> March'2013

₹ In hundred)			
Name of Related Party	Nature of Transaction	Volume of Transaction	Outstanding as on 31.03.2013
1. Mangilal Jain	Sitting Fees	100.00	Nil

vii) **Previous year figures**

The company has reclassified previous year figures to conform to this year's classification.

viii) All the figures have rounded to the nearest Rupees in Hundred.

**For S. Bhalotia & Associates  
(Chartered Accountants)  
Firm's Registration No. 325040E**

**For and on behalf of the Board**

**CA. Vikash Kumar  
(Partner)  
Membership No - 067471  
Date: 18<sup>th</sup> Day of April'2013  
Place: Kolkata**

**Hari Prasad Agarwal  
Director**

**Rajesh Agarwal  
Director**